

Message Text

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DEPARTMENT PASS EXIM

E.O. 11652: N/A
TAGS: BENC, GR
SUBJECT: MAJOR PROJECTS - HIMIC PETROCHEMICAL COMPLEX AT NEA
KARVALI

REF: A) ATHENS 3090; B) STATE 88163

1. DURING MEETINGS WITH US PETROCHEMICAL TRADE MISSION,
HIMIC CHAIRMAN CONSTANTINE GOUSTIS PROVIDED FOLLOWING
ADDITIONAL INFORMATION CONCERNING PROPOSED PETROCHEMICAL
COMPLEX AT NEA KARVALI;

A. HIMIC PLANNING IS BASED ON PHASED IMPLEMENTATION
AND GOUSTIS DISCOUNTS POSSIBILITY OF "TURNKEY" PROJECT
WHICH WOULD ADD TO OVERALL COSTS. SELECTION OF
ENGINEERING CONSULTANT TO ADVISE ON EQUITY PARTNERS AND
EQUIPMENT PURCHASES AND TO PREPARE IMPLEMENTATION
SCHEDULE WILL BE MADE WITHIN NEXT TWO MONTHS. CONSTRUCTION
OF FIRST PHASE WILL TENTATIVELY BEGIN IN MID-1978. OVERALL
PLANNING IS STILL IN PRELIMINARY STAGE, HOWEVER, AND
HIMIC OFFICIALS WILL NOT BE READY TO DISCUSS TECHNOLOGY
AND PROCESSES BEFORE OCTOBER 1977. PROJECT WILL BE
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DESIGNED PRIMARILY TO MEET LOCAL MARKET REQUIREMENTS,
AND TO EXPORT ONLY SMALL PERCENTAGE OF PRODUCTION.

B) \$650 MILLION COSTS, ESTIMATED AT 1976
PRICES, MAY HAVE TO BE ADJUSTED UPWARDS TO COVER
INFLATION. SEVENTY PERCENT WILL BE MET FROM
FOREIGN EXCHANGE AND 30 PERCENT IN LOCAL CURRENCY.

FOREIGN EXCHANGE COMPONENT WILL BE NEGOTIATED WITH EXIM, COFACE AND OTHER INTERNATIONAL FINANCING AGENCIES WITH RESIDUAL FINANCING THROUGH SYNDICATED EURO-DOLLAR LOAN.

C) DECISION TO LOCATE PROJECT AT NEA KARVALI WAS BASED ON EXISTING REGIONAL DEVELOPMENT INCENTIVES AND PROXIMITY OF AS YET UNEXPLOITED "PRINOS" OIL DEPOSITS (ATHENS 4176).

D) HIMIC IS INTERESTED IN EQUITY PARTNER(S), BUT IS NOT PERMITTED UNDER ITS CONSTITUTION TO HAVE MINORITY SHARE IN VENTURES WITH MAJORITY FOREIGN CAPITAL. IN CASES INVOLVING GREEK CAPITAL, HIMIC IS PREPARED TO CONSIDER MINORITY OR MAJORITY EQUITY, POSSIBLY AT LESS THEN GENERALLY ACCEPTABLE MINIMUM RATES OF RETURN.

E) US FIRMS INTERESTED IN PARTNERSHIP OR SUPPLY OF EQUIPMENT OR SERVICES SHOULD KEEP IN CLOSE TOUCH WITH HIMIC THROUGH LOCAL REPRESENTATIVE OR BY DIRECT CORRESPONDENCE AS RECOMMENDED IN REF A.

2. COMMENT: AS APPARENT FROM GOUSTIS' COMMENTS REPORTED ABOVE, HIMIC PROJECT REMAINS IN PRELIMINARY PHASE AND WE ARE SCEPTICAL OF PLANS TO BEGIN FIRST PHASE IMPLEMENTATION BY 1978. GROUP MEETING WITH PETROCHEMICAL MISSION WAS USEFUL, HOWEVER, TO ESTABLISH PERSONAL CONTACT WITH US FIRMS, AND SEVERAL MISSION MEMBERS HAD INDIVIDUAL FOLLOW-ON SESSIONS WITH HIMIC OFFICIALS. COMATT LIMITED OFFICIAL USE

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ALSO TOOK OCCASION TO AGAIN NOTE THAT USG DOES NOT RPT NOT NECESSARILY FAVOR ANY PARTICULAR COMPANY REPRESENTED ON MISSION AND THAT MANY US FIRMS ARE WELL-QUALIFIED FOR CONSULTANT CONTRACT AND LATER PHASES OF PROJECT (REF B).
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